

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
GOVERNOR'S RESIDENCE COMMISSION  
July 1, 2004 to June 30, 2006



**FILED**  
08/31/2007



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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman	William Oesterle	01-10-05 to 01-11-09
Secretary Administrator	Charles Martindale	10-14-03 to 01-09-05
	Danielle Chrysler	01-10-05 to 08-01-06
	Jill Burleson	08-02-06 to 01-11-09



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE GOVERNOR'S RESIDENCE COMMISSION

We have examined the financial information presented herein of the Governor's Residence Commission, for the period of July 1, 2004 to June 30, 2006. The Commission's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Commission for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 8, 2007

GOVERNOR'S RESIDENCE COMMISSION  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
As Of And For The Years Ended June 30, 2005 And 2006

	<u>2005</u>	<u>2006</u>
Cash and investments, July 1	\$ 275,733	\$ 22,144
Receipts:		
Contributions	13,003	-
Interest	<u>206</u>	<u>106</u>
Total receipts	<u>13,209</u>	<u>106</u>
Disbursements:		
Household Items and Decorations	29,901	-
Exterior Improvements	232,512	-
Miscellaneous	<u>4,385</u>	<u>-</u>
Total disbursements	<u>266,798</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(253,589)</u>	<u>106</u>
Cash and investments, June 30	<u>\$ 22,144</u>	<u>\$ 22,250</u>

The accompanying notes are an integral part of the schedule.

GOVERNOR'S RESIDENCE COMMISSION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Commission was established by Indiana Code 4-23-15. The Commission provides funding for maintenance and improvements to the Governor's Residence.

Note 2. Fund Accounting

The Commission uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were insured by the Federal Depository Insurance Corporation up to \$100,000. Balances in excess of the \$100,000 were insured by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Commission to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds.

GOVERNOR'S RESIDENCE COMMISSION  
EXAMINATION COMMENTS  
JUNE 30, 2006

INTERNAL CONTROL

The accounting functions of the Governor's Residence Commission are completed by one employee. This is considered an internal control weakness. To mitigate this condition, at a minimum, the ledgers and reconcilements should be reviewed by a responsible official.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

Even though the funds are accounted for, depository reconciliations of the fund balances to the bank account balances were not completed in a timely manner.

Each agency, department, institution or office that does not use the state's accounting system or have funds outside the system must maintain appropriate accounting records and controls. This includes performing monthly bank statement reconciliations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

CASH BOOK

The Governor's Residence Commission does not maintain a cash book to record funds received.

Indiana Code 5-13-5-1(a) states:

"Every public official who receives or distributes public funds shall:

- (1) keep a cash book into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cash book daily to show funds on hand at the close of the day."

DAILY DEPOSITS

The Governor's Residence Commission did not consistently deposit receipts for the Commission within the following business day.

Indiana Code 5-13-6-1(b) states in part: "... all public funds ... shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."



GOVERNOR'S RESIDENCE COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2007, with K. Philipp Wickizer, Associate Counsel, Office of the Governor; and Jill Burleson, Secretary Administrator. The official response has been made a part of this report and may be found on page 8.

A copy of the Financial Information, Notes to Financial Information, and Examination Comments was mailed on January 31, 2007, to William Oesterle, Chairman.



STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

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Mitchell E. Daniels, Jr.  
*Governor*

August 20, 2007

Mr. Bruce A. Hartman, State Examiner  
Indiana State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, Indiana 46204

Re: Response to Audit of Governor's Residence Commission

Dear Mr. Hartman,

The Governor's Residence Commission agrees with your findings and has now implemented all of the recommended guidelines set forth in the report.

Sincerely,

A handwritten signature in cursive script, reading "Anita K. Samuel".

Anita K. Samuel  
Assistant General Counsel  
Office of the Governor